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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2004
Estimated average burden
hours per response..... 12.00

SEC FILE NUMBER
8-53460

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 11/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Pursuit Partners LLC
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
263 Tresser Blvd, Suite 1200
(No. and Street)
Stamford CT
(City) (State)
NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Anthony P. Schepis 203-961-0023
(Area Code - Telephone Number)

CRD# 115014
RECEIVED
FEB 28 2003
06901
207 Zip Code

OFFICIAL USE ONLY
FIRM I.D. NO.

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Graf Repetti & Co LLP
(Name - if individual, state last, first, middle name)
Grace Building 1114 Ave of the Americas 17th floor NY, NY 10036
(Address) (City) (State) (Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

PROCESSED
MAR 28 2003
**THOMSON
FINANCIAL**

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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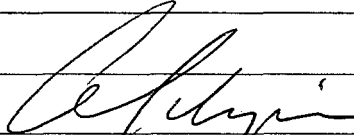
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OATH OR AFFIRMATION

I, Anthony P. Schepis, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Pursuit Partners LLC, as of 2/27, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Ann V. Krupnik
Notary Public, State of Connecticut
My Commission Expires May 31, 2006

Ann V. Krupnik
Notary Public


Signature
Principal
Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

PURSUIT PARTNERS LLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2002

PURSUIT PARTNERS LLC

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GRAF REPETTI & CO., LLP

Certified Public Accountants & Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the Members
Pursuit Partners LLC

We have audited the accompanying statement of financial condition of Pursuit Partners LLC as of December 31, 2002 and the related statements of income and members' equity, changes in members' equity and cash flows for the year then ended. These financial statements are the responsibility of the members. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the members, and evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pursuit Partners LLC at December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on Pages 9 through 13 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

New York, New York
January 19, 2003

PURSUIT PARTNERS LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2002

ASSETS

CURRENT ASSETS

Cash	\$ 661,362
Prepaid expenses	30,765
Loan receivable	<u>20,000</u>

Total Current Assets 712,127

PROPERTY AND EQUIPMENT - Net - Note 3 1,223

OTHER ASSETS

Security deposits	<u>55,535</u>
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Total Assets \$ 768,885

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 59,521
Accrued expenses	100,629
Accrued pension contributions - Note 5	57,926
Payroll taxes payable	<u>5,276</u>

Total Current Liabilities 223,352

MEMBERS' EQUITY

Members' equity	<u>545,533</u>
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Total Liabilities and Members' Equity \$ 768,885

See auditor's report and notes to the financial statements.

PURSUIT PARTNERS LLC

STATEMENT OF INCOME AND MEMBERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2002

REVENUES

Fees	\$ 911,286
Less: Commission expense	<u>91,129</u>
Net Revenues	<u>820,157</u>

EXPENSES

Salaries and payroll taxes	155,927
Outside services	68,480
Guaranteed payments	170,678
Rent	112,199
Professional fees	59,649
Pension contributions	57,926
Licenses and permits	36,572
Employee medical insurance	10,166
General Insurance	5,904
Auto, travel and entertainment	22,331
Telephone	9,125
Utilities	11,794
Seminars	3,923
Office expense	4,496
Postage and delivery	1,275
Depreciation	2,553
Miscellaneous	<u>3,093</u>
Total Expenses	<u>736,091</u>

Net Income from Operations Before Other Income (Expense)	<u>84,066</u>
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OTHER INCOME AND (EXPENSES)

Interest income	1,975
Interest expense	<u>(4,727)</u>

Total Other Income (Expenses)	<u>(2,752)</u>
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Net Income	81,314
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Members' Equity - Beginning of Year	264,219
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Capital Contribution	<u>200,000</u>
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Members' Equity - End of Year	<u><u>\$ 545,533</u></u>
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See auditor's report and notes to the financial statements.

PURSUIT PARTNERS LLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2002

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 81,314
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	2,553
Changes in current operating items:	
Decrease in prepaid expenses	2,685
Decrease in organization costs	34,929
Decrease in due from members	23,751
Increase in accounts payable	63,402
Increase in accrued expenses payable	100,629
Increase in accrued pension contribution	57,926
Total Cash Provided by Operating Activities	<u>367,189</u>

INVESTING ACTIVITIES

Additions to property and equipment	(1,738)
Decrease in secured loans receivable	5,000
Total Cash Provided by Investing Activities	<u>3,262</u>

FINANCING ACTIVITIES

Capital contributions	<u>200,000</u>
Net Increase in Cash	570,451
Cash - Beginning of Year	<u>90,911</u>
Cash - End of Year	<u>\$ 661,362</u>

See auditor's report and notes to the financial statements.

PURSUIT PARTNERS LLC

STATEMENT OF CHANGES IN MEMBER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Total</u>	<u>Robert Holmes</u>	<u>Anthony Schepis</u>	<u>Frank Canelas</u>
Members' Equity - Beginning of year	\$ 264,219	\$ 95,779	\$ 95,779	\$ 72,661
Contributions	200,000	72,500	72,500	55,000
Net Income	81,314	29,476	29,476	22,362
Members' Equity - End of Year	<u>\$ 545,533</u>	<u>\$ 197,755</u>	<u>\$ 197,755</u>	<u>\$ 150,023</u>

See auditor's report and notes to the financial statements.

PURSUIT PARTNERS LLC
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

Pursuit Partners, LLC (the "Company") was established as a Limited Liability Company in the State of Delaware on February 7, 2001. The Company is an investment organization engaged in securities trading, and is the holder of an introducing broker dealer license. The Company is also a Registered Investment Advisor in accordance with the rules of the Securities and Exchange Commission.

In 2002, the Company's activities were limited to trading securities between institutional clients as an introducing broker dealer. During the year ended December 31, 2002, the Company did not carry securities accounts for customers or perform custodial functions relating to customers securities. The Company's principal business offices are located in Stamford, Connecticut.

B. Method of Accounting

Assets, liabilities, revenues and expenses are recognized on the accrual method of accounting for financial statement presentation.

C. Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Cash and Cash Equivalents

For purposes of the Statement of cash flows, the Company considers temporary cash investments with an original maturity of three months or less to be cash equivalents.

F. Income Taxes

As a Limited Liability Company ("LLC"), the Company is taxed as a partnership. There is no provision for federal or state income taxes on the earnings of the Company as such; earnings will flow through directly to its members.

PURSUIT PARTNERS LLC
NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

DECEMBER 31, 2002

2. NET CAPITAL AND RESERVE REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule 15c3-1 which requires that net capital, as defined, shall be at least the greater of \$5,000 or 12.5% of aggregate indebtedness. At December 31, 2002, the Company's net capital computed in accordance with this rule was \$438,010 compared to a minimum requirement of \$27,919.

3. PROPERTY AND EQUIPMENT

Fixed assets are assigned the useful lives as specified under the current tax law. Management believes the lives under the tax law are substantially similar to the estimated useful lives required by Generally Accepted Accounting Principles ("GAAP"). Depreciation on fixed assets is recorded in accordance with that permitted for federal income tax purposes (MACRS).

Depreciation for the year ended December 31, 2002 is \$2,553. The cost and accumulated depreciation for fixed assets are as follows:

Property and Equipment – At Cost

Computer Equipment	\$ 4,286
Less: Accumulated depreciation	<u>(3,063)</u>
Property and Equipment - Net	<u>\$ 1,223</u>

4. LEASE COMMITMENTS

A lease for the Connecticut office space was entered into as of March 13, 2001. A security deposit of \$55,535 was paid in relation to the lease. The Company is obligated under a non-cancelable operating lease requiring minimum annual rentals as follows:

Year ending December 31,

2003	\$ 111,072
2004	\$ 101,816

PURSUIT PARTNERS LLC
NOTES TO THE FINANCIAL STATEMENTS
(cont'd)

DECEMBER 31, 2002

5. RETIREMENT SAVINGS PLAN

The Company has adopted a simplified employee pension plan. Under the plan, each employee who has completed two years of service is eligible to contribute an amount equal to the lesser of 25% of his/her earnings subject to self employment or \$40,000. The contributions are optional. The total contribution accrued by the Company for the year ended December 31, 2002 is \$57,926.

6. CONCENTRATION OF CREDIT RISK

Financial instruments which potentially subject the Company to concentration of credit risk consists of cash. The Company places its cash with financial institutions in New York. The Company monitors the credit quality of these financial institutions and does not anticipate their non-performance. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. Uninsured funds as of December 31, 2002 amounted to \$401,822.



GRAF REPETTI & CO., LLP

Certified Public Accountants & Business Advisors

**INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION
REQUIRED BY SEC RULE 17A-5**

The Board of Directors
Pursuit Partners LLC

We have audited the financial statements of Pursuit Partners LLC for the year ended December 31, 2002 and have issued our report thereon dated January 19, 2003. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules 1 on the following page is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

New York, New York
January 19, 2003

PURSUIT PARTNERS LLC

COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15C3-1

FOR THE YEAR ENDED DECEMBER 31, 2002

CAPITAL	\$ 768,885
Less: Non-allowable assets	(107,523)
Liabilities	<u>(223,352)</u>
Net Capital	438,010
Minimum Net Capital Required	<u>(27,919)</u>
Excess Net Capital	<u><u>\$ 410,091</u></u>

See auditor's report and notes to the financial statements.

PURSUIT PARTNERS LLC

STATEMENT PURSUANT TO RULE 17A-5(D) (4)

DECEMBER 31, 2002

Differences exist between the Computation of Net Capital Under Rule 15c3-1 as reported in the accompanying financial statements and as reported by Pursuit Partners LLC in Part IIA of Form X-17A-5 for the quarter ended December 31, 2002. These differences are outlined below:

Additional accrued expenses recorded in the amount of \$158,555.

Net Capital decreased due to removal of goodwill in the amount of \$909,089.



GRAF REPETTI & CO., LLP

Certified Public Accountants & Business Advisors

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
ACCOUNTING CONTROL REQUIRED BY SEC RULE 17A-5**

To the Members of
Pursuit Partners LLC

We have audited the financial statements of Pursuit Partners LLC for the year ended December 31, 2002, and have issued our report thereon dated January 19, 2003. As part of our examination, we made a study and evaluation of the Company's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation which included obtaining an understanding of the accounting system, was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the financial statements.

Also, as required by Rule 17a-5(g), (1) of the Securities and Exchange Commission, we have made a study of the practices and procedures including tests of compliance with such practice and procedures followed by Pursuit Partners LLC that we considered relevant to the objectives stated in Rule 17a-5 (g), in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3 (a) (11) and the reserve required by rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by Rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining a system of internal accounting control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. The objectives of a system and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Rule 17a-5 (g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with them may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of Pursuit Partners LLC taken as a whole. However, our study and evaluation disclosed no condition that we believed to be a material weakness.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2002, to meet the Commission's objectives.

This report is intended solely for the use of management and the Securities and Exchange Commission and should not be used for any other purposes.

A handwritten signature in cursive script, reading "Greg Repeth L.P.", is positioned in the center-right of the page.

New York, New York
January 19, 2003